STATEMENT BY MINISTER

The Fifth Ministerial Conference of WTO held at Cancun, Mexico

THE MINISTER OF LAW AND JUSTICE AND MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN JAITLEY): Madam, I beg to make a statement before this hon. House regarding the 5th Ministerial Conference of the WTO held at Cancun, Mexico during 10—14 September, 2003.

The Cancun Ministerial Conference was due to take stock of the progress in negotiations under the Work Programme launched by the Doha Declaration and to provide guidance to negotiators on key areas such as agriculture, tariff negotiations for non-agricultural products, special and differential treatment and implementation issues. The Conference also had to decide on whether or not to launch negotiations on Singapore issues based on modalities agred to by 'explicit consensus'.

In preparation for the Conference, the Government held wide ranging consultations with all major stake holders and had accordingly formulated its negotiating strategy. This strategy was based on an appreciation of our trade interests, development concerns and gains to be made by improving the multilateral trading system. We went to Cancun in a positive frame of mind with a desire to engage proactively in the negotiations for a fruitful outcome.

The Conference which concluded in Cancun on 14th September, 2003 could not reach a decision covering all areas. An important reason for the lack of a decision at Cancun was the inability of the proposals on the table to forge a consensus by taking into account the concerns of all Members on many contentious issues. The Conference ended with a Ministerial Statement which recognized that more work needed to be done in key areas to enable WTO Member countries to proceed towards the conclusion of negotiations under the Doha mandate.

The developments at Cancun have been a disappointment for us. We are interested in having a healthy, effective multilateral trading system which would provide the institutional backdrop for a process of economic development that would benefit all countries. The overriding priority and

consideration for a developing country like India in any trading arrangement is the implication of such an arrangement for its economic development. This focus on development determines our position on any trade rules and proposals at the WTO. Our goal at Cancun on major issues was guided by national interest.

In agriculture, our desire was to ensure that agriculture markets across the world are freed from the substantial distortions that are caused by large scale subsidisation. These distortions prevent agriculture from fulfilling its potential of being an engine of growth. Income inequalities caused so far by such distortions continue. It is essential in the interests of equity, justice and fair play that the distortions in agriculture are gradually eliminated. Therefore, agricultural market access in developing countries has to be sequenced appropriately with reductions in market distortions elsewhere. At the same time, we wish to protect the interest of the millions of subsistence level farmers who depend on agriculture as their sole means of sustenance. Therefore, there has to be a calibrated approach to market access *vis-a-vis* reduction in distortions in agriculture with a transition period in which affected farmers are shielded through the use of special safeguard mechanisms and protection for special products. In view of all this, expecting us to make onerous market access commitments inconsistent with the reality in agriculture was unreasonable. The draft modalities on agriculture proposed at Cancun, on the other hand, did not take into account these concerns fully and would in all probability, have perpetuated distortions. We had no choice but to oppose these modalities.

On tariff negotiations in non-agricultural products, significant convergence in negotiating positions could be realized by taking on board the concerns of all Members.

On Singapore Issues, one has to address the question of multilateral rule making taking primacy over economic development goals, particularly in areas where the interplay between these new issues and development is unknown. The Ministerial Conference had to take a decision on modalities for all the Singapore Issues. However, this was to be by explicit consensus. Discussions clearly revealed that not only was this consensus absent but that most developing countries felt that the clarification process on these issues had not run its full course. In the absence of clarity on many elements, a majority of the membership for the WTO had rejected

launch of negotiations on these issues and sought a continuation of the clarification process. There were concerns that a framework on Investment would constrain the policy space for developing countries in utilizing FDI for their developmkent goals. There was no certainty that such a framework would lead to larger FDI flows nor was any need for a framework demonstrated. On Competition Policy, the issue of encroaching upon the freedom of competition authorities was disquieting. The benefits of a framework on Transparency in Government Procurement were also not clear. In spite of this, proposals tabled suggested launch of negotiations in some areas. In the absence of explicit consensus, launching negotiations was however, an impossibility.

India was disappointed that no time frame was prescribed for resolving outstanding implementation issues. These issues highlight the imbalances arising out of the Uruguay round agreement and need to be addressed on a priority basis so that imbalances brought in by the Uruguay round are redressed. On Special and Differential Treatment Issues, India felt that adequate urgency was not being shown in addressing these issues.

An important outcome from our viewpoint is the engagement of developing countries in the negotiating process. Unlike in the past, when they were blamed for non-participation, the degree of participation of the large group of developing countries is a welcome development. Not only having developing countries become participants in the process but have also shown adequate flexibility to reach out to other fellow countries to form alliances which have been formed during and after the conference. The G-20 on Agriculture and the G-16 on Singapore Issues embody the desire of developing countries to generate common positions on issues.

The Ministerial Conference concluded with a Ministerial Statement which recognised that more work needed to be done in some key areas to enable WTO Member countries to proceed towards the conclusion of negotiations under the Doha mandate. The Ministerial Statement has instructed officials to continue working on outstanding issues with a renewed sense of urgency and purpose and taking fully into account all the views expressed in the Ministerial Conference. The Chairman of the General Council of the WHO, working in close coordination with the Director General, has been asked to coordinate this work and to convene a meeting of the General Council at senior

officials levels no later than 15th December, 2003 to enable successful and timely conclusion of the negotiations.

As Hon. Members would appreciate, trade negotiations are a protracted process. We have been engaging constructively in the negotiations and are optimistic that despite the lack of progress at the Cancun Ministeral Conference, it would be possible to move forward in the weeks to come. Agriculture has been at the core of the negotiations. Our sensitivities on Singapore Issues also need to be understood. We also committed to ensuring the 'development' lies at the core of the Doha agenda, as mandated at the Doha Ministerial Conference of WTO.

For India, the multilateral process is an extremely important one. We believe that a rule based trading system provides a fair, transparent, predictable, secure and durable enviropment for trade relations between nations. We have been demanding that the system be fair-fair to our development goals, to our economic needs, to our economic and social reality and to our aspirations. The multilateral system continues to enjoy our support and we are participating in the process of further negotiations in Geneva. We are willing to work together and engage in a process of give and take so that mutually acceptable outcomes may be reached. Movement forward demands understanding and accommodation. Our only desire is that the discussions be carried out in a more understanding and sensitive manner so that trade liberalisation does actually deliver the fruit of development.

THE DEPUTY CHAIRMAN: Now, there is a discussion on CAS. It was not decided that it would be two-and-a-half-hour discussion *...(Interruptions)...* Because it was decided that there would be no clarification today. *...(Interruptions)...*

AN HON. MEMBER: Tomorrow.

THE DEPUTY CHAIRMAN: Yes. He is here and he can answer, if you like. There is no problem. Short Duration Discussion was not decided in the Business Advisory Committee, but as it was in the morning meeting when the matter was to be raised in the House, then some Members have said that just raising the issue has no meaning, it does not bring anything to conclusion, so, let it be a discussion. So, I suggest two-and-

a-half-hours is long time and not many Members are listed for it. There are five speakers. Instead of Short Duration Discussion, I would say a 'short discussion'. Because the moment we say Short Duration Discussion, then automatically the Secretariat puts two-and-a-half hours to be correct. So, let us say a 'discussion', however big or small it be. I am told it is extremely cold outside. So, we are safe inside. मंत्री जी आ जाएंगे, तब तक आप नोट्स वगैरह ले लें । राजनाथ जी या आप लिख लीजिए । मंत्री जी नीचे आ रहे हैं ।

श्री सतीश प्रधान : मंत्री जी टीवी देखने गए हैं ।

उपसभापति : कैस देखने के लिए गए हैं । मंत्री जी बोलकर गए थे कि जब यह खत्म हो जाए, मुझे नीचे बुला लीजिएगा।

SHORT DURATION DISCUSSION

on the situation arising out of the implementation of the conditional access system

SHRI KAPIL SIBAL (Bihar): Thank you, Madam, Deputy Chairman. I rise on behalf of my party to raise a discussion on the situation arising out of the implementation of the Conditional Access System. Madam, as you might remember, the multi-service operators and the local operators had decided that December 14 was going to be the D-day, and come December 15 onwards, the Conditional Access System as far as south Delhi was concerned, was to be put into effect. And low and behold, in fact, on 15th December almost throughout South Delhi, the TV screens of middle class households were blackened out. There was no reception. The Set Top Boxes were not available and, by and large, the consumers in South Delhi were confused as to whether or not they should indeed buy a Set Top Box. By December 15, nobody knew what was the price of the set-up boxes. If you remember, in this House, the then Minister for Information & Broadcasting, Smt. Sushma Swaraj, when introducing the Amendment Bill, on December 2,2002, gave an assurance to this House that upon implementation of CAS, the price to the consumer would be less than the price that the consumer was paying without CAS. I distinctly remember that assurance. I was the one who raised the issue saying. "Please don't implement CAS in this fashion. Please send it to the